

Dexter Downtown Development Authority

January 21, 2016 <> 7:30 AM

Dexter Senior Center

7720 Ann Arbor Street

Dexter, MI 48130

MINUTES

1. Call to Order: Called to order at 7:32 AM on January 21, 2016 by Chairman Steve Brouwer.

2. Roll Call

Becker, Patrick	Bellas, Rich	Brouwer, Steve
Covert, Tom	Darnell, Don -ab	Finn, Doug
Jones, Carol	Keough, Shawn	Model, Fred-ab
O'Haver, Dan-ab	Schmid, Fred - ab	Willis, Randy

Also in attendance: Michelle Aniol, Community Development Manager; and Chuck Eckenstahler, Fanning/Howey;

3. Approval of Minutes from the Regular December 17, 2015 Meeting:
Motion Covert; support Willis to approve the regular meeting minutes of December 17, 2015 as presented.

Unanimous voice vote approval with Darnell, Model, O'Haver and Schmid absent.

4. Approval of Agenda:
Motion Finn; support Keough to approve the agenda with the addition under Old Business a vote to approve the OHM Scope of Service for a trash receptacle in the Parking Lot near the Encore Theatre.

Unanimous voice vote approval with Darnell, Model, O'Haver and Schmid absent.

5. Pre-arranged Audience Participation:

None

6. Non-Arranged Citizen Participation:

None

7. Treasurer's Report:

a) January Invoice: Invoice Scott Munzel for Attorney fees in the amount of \$9,412.11.

Motion Finn; support Willis to pay the January invoice in the amount of \$9,412.11.

Ayes: Becker, Bellas, Brouwer, Covert, Finn, Jones, Keough, and Willis.

Nays: None

Absent: Darnell, Model, O'Haver, Schmid

Motion carries

b) Approval of January 2016 Treasurer's Report

Motion Keough; support Finn to approve the January Treasurer's Report as presented.

Ayes: Becker, Bellas, Brouwer, Covert, Finn, Jones, Keough, and Willis.

Nays: None

Absent: Darnell, Model, O'Haver and Schmid

Motion carries

8. Correspondence / Communications:

None

9. Action Items:

a) Old Business - OHM Scope of Work for Trash Receptacle Installation

Motion Covert; support Bellas to approve the Scope of Work from OHM not to exceed \$1,000 for the study of the placement of an in-ground trash receptacle in the parking area behind the Main Street buildings and the Encore Theatre.

Ayes: Becker, Bellas, Brouwer, Covert, Finn, Jones, Keough, and Willis.

Nays: None

Absent: Darnell, Model, O'Haver and Schmid

Motion carries

b) New Business - None

10. Discussion Updates:

a) Chuck Eckenstahler and Carl Baxmeyer – Retail Market Analysis Presentation #2.

Mr. Baxmeyer reviewed the second report of the Retail Market Assessment with particular attention to the demographics of the area of the study.

Mr. Eckenstahler spoke about the area of the study and that the greater Dexter area has larger household growth in compared to much of the State of Michigan which

brings in \$50,000,000 in spending from the population. From this information Mr. Eckenstahler concluded that Dexter can accommodate 400,000 feet of new retail space. The report also gave a breakdown of store types that could expect at least 10% in future growth.

Comment – Would like to see how nearby businesses (Jackson Road, etc) affect the results.

b) High Speed Fiber in the Downtown

Discussion followed regarding looking at the current offer in the Industrial Park and bringing high speed internet to the downtown businesses.

11. City Mayor and Staff Reports

a) Mayor – Shawn Keough

- *At the last DDA meeting, we had not heard from Judge Marmon on the Tax Tribunal case. He had dismissed Chelsea Wellness Foundation's claim on one section of the tax law but required the trial to clarify various questions. Trial was held from January 4 to January 11. Transcriptions from the trial are to be available by February 1 with a decision by Judge Marmon due by May 1.*

b) Staff – Michelle Aniol

- *The RFQ Committee will meet on Monday, January 25 to review Foremost Development's predevelopment agreement. DDA is likely to see this at the February meeting.*
- *There won't be a pre-application meeting for the Dextech expansion as the project has been scaled back.*
- *Pre-application for the Darnell project to continue.*
- *Entertaining comments on the Park and Recreation's Master Plan until the end of February.*
- *Planning Commission has information on pending development at Grand and Baker.*

12. Chairman's Report:

Items for February 18, 2016 Agenda

- Pre-development agreement from Foremost Development

13. Non-Arranged Citizen Participation:

Doug Finn invited all to attend the Relay for Life kickoff at NULL on February 25 beginning at 6:30.

14. Adjournment

Motion Keough; support Willis to adjourn the meeting at 8:34 AM. Unanimous voice vote approval with Darnell, Model, O'Haver and Schmid absent.

Respectfully submitted,

Carol Jones, Secretary

Memo

To: Dexter DDA
From: Thomas Covert, DDA Treasurer and Marie Sherry, City Treasurer
Date: January 15, 2016
Re: Treasurer's Report – January 2016 Meeting

Invoice Approval Notes

- Scott E. Munzel, P.C.; Dexter Wellness Center Attorney Fees: \$9,693.58
- Combined total due for all invoices is \$9,693.58

Cash Status

DDA Cash Balances Report 1-31-16			
Fund	Account Name	General Ledger Balance	Notes
248 - DDA General	TCF Pooled Account	\$ -	
394 - DDA Debt	TCF Pooled Account	\$ -	
	Total DDA Pooled Checking	\$ -	
248 - DDA General	TCF Money Market Account	\$ 442,339.61	
394 - DDA Debt	TCF Money Market Account	\$ -	
	Total DDA Pooled Savings	\$ 442,339.61	
248 - DDA General	ONB Money Market Account	\$ 202,574.27	
394 - DDA Debt	ONB Money Market Account	\$ -	
	Total DDA Pooled Savings	\$ 202,574.27	
248 - DDA General	Total Non-Pooled	\$ -	
Total General Cash		\$ 644,913.88	
Total Debt Cash		\$ -	
		\$ 644,913.88	
Month End Cash		\$ 644,913.88	
Projected FY 15/16 Revenue All Funds		\$ 199,554.87	
Projected FY 15/16 Expenditures All Funds		\$ (425,894.00)	
Wellness Center Set Aside		\$ (224,904.00)	Added set aside for FY 2015-2016
Projected Year End Cash		\$ 193,670.75	

Budget FY 15/16

Following are the Fiscal Year 2015-2016 Revenue and Expenditure Reports through December 31st.

02/10/2016 REVENUE AND EXPENDITURE REPORT FOR CITY OF DEXTER						
PERIOD ENDING 01/31/2016						
% Fiscal Year Completed: 58.74						
		2015-16	2015-16	YTD BALANCE	AVAILABLE	
		ORIGINAL	AMENDED	01/31/2016	BALANCE	% BDGT
GL NUMBER	DESCRIPTION	BUDGET	BUDGET	NORMAL (ABNORMAL)	NORMAL (ABNORMAL)	USED
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY						
Revenues						
Dept 000-ASSETS, LIABILITIES & REVENUE						
248-000-415.000	TAX CAPTURE REVENUE	287,500.00	287,500.00	267,192.95	20,307.05	92.94
248-000-574.001	PERSONAL PROPERTY TAX REIMBURSEMENT	5,300.00	5,300.00	0.00	5,300.00	0.00
248-000-665.000	INTEREST EARNED	500.00	500.00	1,841.39	(1,341.39)	368.28
248-000-671.000	OTHER REVENUE	0.00	0.00	4,320.37	(4,320.37)	100.00
248-000-695.494	TR IN DDA PROJECT FUND 494	186,500.00	186,500.00	186,201.83	298.17	99.84
Total Dept 000-ASSETS, LIABILITIES & REVENUE		479,800.00	479,800.00	459,556.54	20,243.46	95.78
TOTAL Revenues		479,800.00	479,800.00	459,556.54	20,243.46	95.78
Expenditures						
Dept 248-ADMINISTRATION						
248-248-802.000	PROFESSIONAL SERVICES	5,000.00	5,000.00	937.50	4,062.50	18.75
248-248-803.000	CONTRACTED SERVICES	1,700.00	1,700.00	0.00	1,700.00	0.00
248-248-810.000	ATTORNEY FEES	15,000.00	15,000.00	39,575.21	(24,575.21)	263.83
248-248-880.000	DOWNTOWN EVENTS	500.00	500.00	500.00	0.00	100.00
248-248-957.002	DDA CAPTURE REFUNDS	500.00	500.00	0.00	500.00	0.00
Total Dept 248-ADMINISTRATION		22,700.00	22,700.00	41,012.71	(18,312.71)	180.67
Dept 442-DOWNTOWN PUBLIC WORKS						
248-442-803.015	CITY MAINTENANCE	5,000.00	5,000.00	0.00	5,000.00	0.00
248-442-970.000	CONTRACTED CAPITAL IMPROVEMENTS	15,900.00	15,900.00	13,928.00	1,972.00	87.60
Total Dept 442-DOWNTOWN PUBLIC WORKS		20,900.00	20,900.00	13,928.00	6,972.00	66.64
Dept 901-CAPITAL IMPROVEMENTS						
248-901-972.001	PURCHASE OF HOUSE	20,000.00	20,000.00	0.00	20,000.00	0.00
248-901-972.002	DTE SUBSTATION MOVE	25,000.00	25,000.00	0.00	25,000.00	0.00
248-901-972.004	3045 BROAD STREET REDEVELOPMENT	25,000.00	25,000.00	0.00	25,000.00	0.00
Total Dept 901-CAPITAL IMPROVEMENTS		70,000.00	70,000.00	0.00	70,000.00	0.00
Dept 965-TRANSFERS OUT - CONTROL						
248-965-999.394	TR OUT FOR BOND PAYMENTS - 394	282,200.00	282,200.00	102,881.73	179,318.27	36.46
Total Dept 965-TRANSFERS OUT - CONTROL		282,200.00	282,200.00	102,881.73	179,318.27	36.46
TOTAL Expenditures		395,800.00	395,800.00	157,822.44	237,977.56	39.87
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY:						
TOTAL REVENUES		479,800.00	479,800.00	459,556.54	20,243.46	95.78
TOTAL EXPENDITURES		395,800.00	395,800.00	157,822.44	237,977.56	39.87
NET OF REVENUES & EXPENDITURES		84,000.00	84,000.00	301,734.10	(217,734.10)	359.21

Fund 394 - DDA DEBT FUND						
Revenues						
Dept 000-ASSETS, LIABILITIES & REVENUE						
394-000-695.248	TRANSFER IN FROM DDA FUND 248	282,200.00	282,200.00	102,881.73	179,318.27	36.46
Total Dept 000-ASSETS, LIABILITIES & REVENUE		282,200.00	282,200.00	102,881.73	179,318.27	36.46
TOTAL Revenues		282,200.00	282,200.00	102,881.73	179,318.27	36.46
Expenditures						
Dept 850-LONG-TERM DEBT						
394-850-992.000	BOND FEES	1,000.00	1,000.00	1,000.00	0.00	100.00
394-850-997.003	DDA 2008 TAXABLE BOND (\$1.6M)	80,700.00	89,000.00	13,400.92	75,599.08	15.06
394-850-997.004	DDA 2008 BOND (\$2+M)	117,500.00	117,500.00	46,220.63	71,279.37	39.34
394-850-997.005	2011 REFUNDING BOND (\$620K)	83,000.00	83,000.00	42,260.18	40,739.82	50.92
Total Dept 850-LONG-TERM DEBT		282,200.00	290,500.00	102,881.73	187,618.27	35.42
TOTAL Expenditures		282,200.00	290,500.00	102,881.73	187,618.27	35.42
Fund 394 - DDA DEBT FUND:						
TOTAL REVENUES		282,200.00	282,200.00	102,881.73	179,318.27	36.46
TOTAL EXPENDITURES		282,200.00	290,500.00	102,881.73	187,618.27	35.42
NET OF REVENUES & EXPENDITURES		0.00	(8,300.00)	0.00	(8,300.00)	0.00
Fund 494 - DDA PROJECT FUND						
Revenues						
Dept 000-ASSETS, LIABILITIES & REVENUE						
494-000-665.000	INTEREST EARNED	0.00	0.00	6.86	(6.86)	100.00
Total Dept 000-ASSETS, LIABILITIES & REVENUE		0.00	0.00	6.86	(6.86)	100.00
TOTAL Revenues		0.00	0.00	6.86	(6.86)	100.00
Expenditures						
Dept 965-TRANSFERS OUT - CONTROL						
494-965-999.248	TRANSFER OUT TO DDA FUND 248	186,500.00	186,500.00	186,201.83	298.17	99.84
Total Dept 965-TRANSFERS OUT - CONTROL		186,500.00	186,500.00	186,201.83	298.17	99.84
TOTAL Expenditures		186,500.00	186,500.00	186,201.83	298.17	99.84
Fund 494 - DDA PROJECT FUND:						
TOTAL REVENUES		0.00	0.00	6.86	(6.86)	100.00
TOTAL EXPENDITURES		186,500.00	186,500.00	186,201.83	298.17	99.84
NET OF REVENUES & EXPENDITURES		(186,500.00)	(186,500.00)	(186,194.97)	(305.03)	99.84
TOTAL REVENUES - ALL FUNDS						
		762,000.00	762,000.00	562,445.13	199,554.87	73.81
TOTAL EXPENDITURES - ALL FUNDS						
		864,500.00	872,800.00	446,906.00	425,894.00	51.20
NET OF REVENUES & EXPENDITURES		(102,500.00)	(110,800.00)	115,539.13	(226,339.13)	104.28

Fund 494 has been closed and all assets moved to Fund 248.

Revenue Notes

- As a follow up to a previous note, the payment from the Michigan Department of Treasury of \$7,821.41 for to the small parcel personal property exemption reimbursement was received February 8th.

LaFontaine Chevrolet Michigan Tax Tribunal Case

- After discussion with Nathan Voght at Washtenaw County, the preliminary decision in regard to the 2015-2016 brownfield payment is to set it aside in escrow until resolution of the Tax Tribunal case. Mr. Voght is discussing where the escrow should be held (City vs County Brownfield) and will report back to the City treasurer when the question is resolved.

Attorney Fees for Dexter Wellness Center Tax Tribunal

- A budget amendment for attorney fees is being presented. After consulting with the attorney and City Manager, it is recommended that the budget for this line be increased from \$15,000 to \$70,000. Currently, the DDA's operating budget has a net revenue over expenditures of \$84,000, so it will not be necessary to take this cost from reserves. Depending on the judge's ruling and whether or not more pleadings need to be filed prior to the end of this fiscal year, an additional increase may be necessary.
- This budget amendment needs to be made at the DDA's February meeting, even though there is a possibility that it will need to be amended again. The Michigan Uniform Accounting and Budgeting Act (Act 2 of 1968) in Section 141.437(17)(1) requires "a deviation from the original general appropriations act shall not be made without amending the general appropriations act. Subject to section 16(2), *the legislative body of the local unit shall amend the general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary* and the amount of the deviation can be determined." Sometimes, we can hold off making budget amendments for particular line items if the overall department is not over budget, because we adopt our budget by department, not by line item. However, in this case, the entire department is now over budget and if we do not make the amendment now, we will be in violation of the Act.

DDA Financial Forecast– *Nothing new at this time*

DDA Project Summaries – *Nothing new at this time*

Required Reporting

- Form 5176 – Request for State Reimbursement of Tax Increment Finance Authority. Deadline to file for 2016 is June 15th.
- Form 2604 – Tax Increment Financing Plan Report for Capture of Property Taxes (deadline to file is July 31st of each year).
- Qualifying Statement – File the Fiscal Year 2015-2016 Statement by December 31, 2016. Audit – File the 2015-2016 Audit by December 31, 2016.
- Publish the Fiscal Year 2014-2015 Annual Report by February 2016. *Scheduled to be published and filed February 24th.*

Tax Capture Update – *Nothing new at this time*

- The City has the assessment roll. Over the course of the next several months, the roll will be reviewed by the assessor, and he is aware that the DDA would like a review of parcels included within the district.

◆◆ SCOTT E. MUNZEL, P.C.
ATTORNEY AT LAW

603 W. HURON STREET
ANN ARBOR, MI 48103
P: 734-994-6610 Fx: 734-769-9055
E: SEM@MUNZEL.LAW.COM

1/21/2016

Ms. Courtney Nicholls
Manager
City of Dexter
8140 Main Street
Dexter, MI 48130

DDA

Invoice
1811

Re: Invoice for Legal Services - Dexter Wellness Center

Dear Ms. Nicholls:

The invoice for legal services provided in December is below. Please contact me if you have any questions. Please note I have divided this invoice between the City and DDA.

12/1/2015	Review of State Motion for Summary Disposition; TC Courtney Nicholls re status; email Courtney and Shawn re update on status	1.3
12/2/2015	Review Order denying motion to adjourn; email to Courtney Nicholls, Shawn Keough; email to Renius, Haffey re trial schedule; TC Adam Sadowski re Order, issues, potential trial issues; TC Chris Renius re trial, alternative tax capture theories, testimony	1.3
12/3/2015	Review CWF Brief on "charitable" issue; review half of exhibits	3.0
12/4/2015	Complete review of CWF exhibits; TC Shawn Keough re current status, timing, procedural questions; email Brief to Cindy Maurer at Tribunal per her request	2.5
12/5/2015	Prepare outlines for three replies to CWF motions; analyze CWF motions for best responses; research re ownership of Stockbridge fitness center	4.0
12/7/2015	Draft Reply Brief for occupancy issue; draft Reply Brief for public health issue; email to Courtney, Shawn for review; draft Reply Brief for charitable issue; double check cases for citation; review documents for supporting documents to attach	9.0
12/8/2015	Finalize all Reply Briefs and prepare exhibits to attach; TC Shawn re comments on third Brief; TC Adam Sadowski re update, issues; email documents to Tribunal, mail to parties	5.6

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12/9/2015	Review CWF Reply to Dexter Motion for Summary Disposition; review CWF Reply to State Motion for S.D.; TC Adam Sadowski re analysis, potential issues for appeal	1.4
12/11/2015	Check Heydlauff deposition transcripts prior to filing with Tribunal; draft cover letter to Tribunal re filing of the 4 deposition transcripts; file deposition transcripts of Cope, Sargeant, Hummert, 3 of 4 Heydlauff	1.4
12/14/2015	TC Adam Sadowski re CWF motion to authenticate, how best to respond, premature, irrelevant; email to Schiff that I reserve right to file response	0.5
12/17/2015	Review CWF Motion in Limine re document authentication; review documents themselves and Court rules re documents; email Adam Sadowski re strategy	1.5
	Begin work on potential exhibits to use at trial in anticipation of Exhibit List due Monday	2.3
12/18/2015	TC Adam Sadowski re exhibits, upcoming trial, subpoenas; TC Cindy Maurer re Reply Brief; review attachments to CWF Motion, websites; TC Adam Sadowski re organization of exhibits	1.5
12/20/2015	Draft Reply Brief to CWF Motion in Limine re judicial notice of certain documents; file with MTT; work on Exhibit List- deposition transcripts, exhibits from motion for summary disposition, old emails	1.3
		5.5
12/21/2015	Prepare Exhibit List; check Rules re rebuttal exhibits; TC Adam Sadowski re exhibits, hearing issues; add CWF answers; handle copying and deliver to Schiff; file Exhibit List with Tribunal; TC Shawn Keough re update; review Order granting judicial notice	6.5
12/22/2015	Review CWF Exhibit list; review Tribunal Order; TC Shawn Keough re same; TC Adam Sadowski re Order, trial issues, subpoenas; email Davi Hirsch re subpoenas	2.0
12/23/2015	Review St. Joe's Motion to File Amicus Brief and review Brief; review MTT Order re issues for trial; prepare letter requesting subpoenas for Cope, Hummert, Sargeant and file with MTT; TC Shawn Keough re status, Order, St. Joe's improper Motion	2.2
12/26/2015	Review all Pleading Files	3.0

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12/27/2015	Review all Pleading Files; prepare for trial	5.0
12/28/2015	Complete case outline, proofs; review all Discovery documents; email deposition transcripts to witnesses; review new CWF Motion to add a new exhibit; TC MTT re subpoenas ready, how to obtain; TC Davi Hirsch re service and acceptance of subpoenas, witness appearances	11.0
12/29/2015	Continued trial preparation; review depositions of Haffey and Renius, Heydlauff; prepare Exhibit binders for trial; TC Shawn Keough re status; TC Adam Sadowski re trial issues; add notes for Opening Statement	12.0
12/30/2015	Prepare witness fees and cover letter to Davi Hirsch; organize trial Exhibits; meet with David Haffey re testimony; meet with Chris Renius re testimony; TC Shawn re meeting; review Nicholls deposition; review Keough deposition for witness preparation; TC Matt Kennison re estimated time for witness testimony	12.0
12/31/2015	Meet with Shawn and Courtney to prepare for testimony; finalize binders of trial exhibits; review Heydlauff testimony	5.7
	Total Time	101.5 at \$170/hr
	Current Invoice	\$ 17,255.00
	Minus courtesy discount	\$ 1,600.00
	Revised Current Invoice	\$ 15,655.00
	Expenses- document production and binding of multiple documents- \$243.93, 162.94, 197.59, 117.87, 376.52	\$ 1,098.84
	Haffey consulting fee-\$880; Keough, Nicholls deposition transcripts- \$1753.31;	\$ 2,633.31
	Total Balance Due	\$ 19,387.15
	Divided between DDA and Village	\$9,693.58
	Outstanding balance	\$14,527.98
	Total amount due	\$24,221.56

Sincerely,


 Scott E. Munzel

EIN 38-3120196

Budget Amendments

DDA Fund 248

Line Number	Line Description	New Line # ?	Revenue or Expenditure?	Original Adopted Budget	Previously Amended Budget	Amendment Amount	Budget After Current Amendment
248-248-810.000	Attorney Fees	No	Expenditure	\$ 15,000	\$ 15,000	\$ 55,000	\$ 70,000
Reason for Amendments Dexter Wellness Tax Tribunal							

Total change in Revenue - increase /(decrease): \$ -
 Total change in Expenditures - increase /(decrease): \$ 55,000
 Change to Overall Budget's revenue over expenditures: \$ (55,000)

Source of Reserves, if applicable: None

Approved by the DDA on February 19, 2016

Carol J. Jones, Downtown Development Authority Secretary

OFFICE OF COMMUNITY DEVELOPMENT

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303 • Fax (734) 426-5614

STAFF MEMO

To: Chairman Brouwer and DDA Board of Directors
Courtney Nicholls, City Manager

From: Michelle Aniol, Community Development Manager

RE: Annual Report and End of Year Tax Capture Reconciliation

Date: February 11, 2016

Enclosed with this memo you will find the proposed Annual Report for Fiscal Year 14-15, prepared by City Treasurer, Marie Sherry. This is the report the DDA/City is required to publish every year (this year by February 24th).

Ms. Sherry has modified the format from last year, due to questions that were raised regarding the tax increment revenue number in the financial statements not matching the revenue shown in the capture section. Ms. Sherry has included the reductions in current revenue due to Wellness and the brownfield.

Ms. Sherry also prepared the enclosed year-end tax reconciliation with Scio Township, for your information.

2014 DDA Tax Capture (Final)

\$19,564,270

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DDA Total Capture Calculations		Millage Rate	Capture Amt.
<i>Summer</i>			
Washtenaw County Operating Village Operating	4.54930	\$89,003.73	Millage Rate Verified 5-28-15 Scio Twp On Line
Village Streets	9.88070	\$193,308.68	Millage Rate Verified 5-28-15 Village Tax Roll
	3.43800	\$67,261.96	Millage Rate Verified 5-28-15 Village Tax Roll
<i>Winter</i>			
Washtenaw County	1.73450	\$33,934.23	Millage Rate Verified 5-28-15 Scio Twp On Line
Scio Township Operating	0.95180	\$18,621.27	Millage Rate Verified Scio Twp DDA Payment Spreadsheet
Dexter Public Library Operating (No Debt)	1.12860	\$22,080.24	Millage Rate Verified Scio Twp DDA Payment Spreadsheet
Washtenaw C.C. Operating (No Debt)	3.45760	\$67,645.42	Millage Rate Verified Scio Twp DDA Payment Spreadsheet
Township Conservation	0.49420	\$9,668.66	Millage Rate Verified Scio Twp DDA Payment Spreadsheet
TOTAL	25.63470	\$501,524.19	

DDA Adjusted Capture Calculations		Millage Rate	Capture Amt.
<i>Scio Township Tax Billing - Capture</i>			
Village Tax Billing - Capture	12.31600	\$ 240,953.55	
Rounding in BS&A Program	13.31870	\$ 260,570.64	
<i>Subtotal</i>		\$ (3.34)	
		\$ 501,520.85	
Set Aside Dexter Wellness Capture		\$ (115,042.00)	
PPT Loss Reimbursement		\$ 7,821.41	
Due to County (1/2 of Collections)	3.14190	\$ (61,468.98)	
Reduce County for Brownfield		\$ 3,630.81	Calculation is Total Capture of 7,261.62/2
Road Millage Back to County		\$ (4,891.07)	Calculation is Total Capture of 9,582.14/2
Due to Brownfield (Village)		\$ (31,564.75)	
Total Tax Collection		\$ 300,006.27	
2014-2015 Current Revenue		\$ 300,006.27	Per General Ledger

Cash Flow Tracking

Received from Village of Dexter	September-14	\$ 260,567.30	DDA Tax Capture - Summer 2014
Received from State of Michigan	October-15	\$ 7,821.41	Personal Property Tax Loss Reimbursement from State
Set Aside for Dexter Wellness	October-15	\$ (115,042.00)	Placed into liability account in General Ledger
Received from Scio Township	September-15	\$ 89,022.67	DDA Tax Capture - Summer 2014
Received from Scio Township	January-15	\$ 216,858.19	DDA Tax Capture - Winter 2012
Received from Scio Township	March-15	\$ 4,990.02	LaFontaine Brownfield Capture from ISD
Paid to County Brownfield	April-15	\$ (36,554.77)	DDA Check # 1952
Due to Washtenaw County		\$ (62,729.24)	DDA Check # 1955 (\$57,838.17) and # 1956 (\$4,891.07)
Due to Scio Township		\$ (64,927.31)	
Total:		\$ 300,006.27	

**City of Dexter, Washtenaw County, Michigan
Downtown Development Authority**

ANNUAL REPORT

For the fiscal year ending June 30, 2015

Revenue	Tax Increment Revenue	\$	300,006
	Interest	\$	1,111
	Operating Transfers In	\$	310,095
	Total:	\$	<u>611,212</u>

Expenditures	Community Development	\$	89,035
	Debt Service - Principal	\$	334,000
	Debt Service - Interest	\$	218,012
	Operating Transfers Out	\$	421,223
	Total:	\$	<u>1,062,270</u>

Excess (Deficiency) of Revenues Over Expenditures	\$	(451,058)
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Fund Balance	Fund Balance - July 1	\$	787,173
	Change in Fund Balance	\$	(451,058)
	Fund Balance - June 30	\$	<u>336,115</u>

Outstanding Debt		
	Principal	\$ 3,572,000
	Interest	\$ 1,667,823

DDA Taxable Value	\$	34,482,683
Less Initial Assessed Value	\$	(14,918,413)
Captured Taxable Value	\$	<u>19,564,270</u>

Tax Increment Revenue Levied		
	City of Dexter	\$ 260,570
	Small Parcel Reimbursement (State)	\$ 7,821
	Scio Township	\$ 28,289
	Dexter District Library	\$ 22,080
	Washtenaw Community College	\$ 67,645
	Washtenaw County	\$ 60,207
	Set Aside for Tax Tribunal Case	\$ (115,042)
	Captured by Brownfield	\$ (31,564)
		<u>\$ 300,006</u>

Number of Jobs Created	130
Project Status	Jeffords Parking & Forest Street - Complete Jeffords Street and Mill Creek Plaza - Complete Dexter Wellness Center (Brownfield) - Complete LaFontaine (Brownfield) - Complete

Other Related Projects	Maintenance - Ongoing 3045 Broad Redevelopment
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Submitted by: Village of Dexter DDA, Steve Brouwer, Chairperson
Published: February 24, 2016, Sun Times

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OFFICE OF COMMUNITY DEVELOPMENT

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303 • Fax (734) 426-5614

STAFF MEMO

To: Chairman Brouwer and DDA Board of Directors
Courtney Nicholls, City Manager

From: Michelle Aniol, Community Development Manager

RE: Pre-Development Agreement with Foremost Development Company

Date: February 16, 2016

Enclosed with this memo you will find the proposed Pre-Development Agreement with Foremost Development Company. The draft "Agreement" has been reviewed and recommended by the RFQ Committee and City/DDA Attorney, Scott Munzel.

The Pre-Development Agreement sets forth the following:

- The subject properties:
 - 3045 Broad Street(08-08-06-280-001)
 - 8077-8087 Forest Street (08-08-06-280-024 and 08-08-06-280-025)
 - 8090 Grant Street (08-08-06-280-002)
- Provides the City and Developer an exclusive six (6) month period to try to develop a conceptual plan that each want, and if both side are happy, provides the Developer with an additional three (3) month period to reach an agreement with the City on the purchase of the property;
- Outlines a public meeting process the Developer must undertake, at his expense for obtaining public input on design, layout and use(s) of the property;
- Outlines tasks for each side during the Study Period, including whatever physical inspections the developer wants/needs, in order to provide a preliminary pro forma analysis;
- Clarifies the City is under no obligation to approve anything and neither party is required to enter into a Development Agreement, if parties cannot agree on terms; and
- Clarifies that neither Foremost, nor any professionals it uses during the public meeting process shall have a proprietary interest in any design work resulting from the public meeting process. In addition, the agreement also requires Foremost to include language in any contracts it enters with professionals that clarifies the professionals do not have a proprietary interest in any design works they may produce.

As you will recall, on December 22, 2015 City Council voted unanimously to authorize the RFQ Committee to pursue a Pre-Development Agreement with Foremost Development Company. The approval was subject to the DDA reviewing the Pre-Development Agreement, and making a recommendation to City Council.

Affirmative action should be in a motion to recommend approval of the Pre-Development Agreement with Foremost Development Company, revision dated February 16, 2016 to City Council.

*Draft 2/16/16 - sem
revised*

PRE-DEVELOPMENT AGREEMENT

THIS PRE-DEVELOPMENT AGREEMENT ("Agreement"), made and entered into this ____ day of _____, 2016 (the "Effective Date"), by the City of Dexter, a Michigan municipal corporation (the "City"), and Bailey Xenos Holdings, LLC, a Michigan limited liability company d/b/a Foremost Development Company (the "Developer"). (The City and Developer shall be known singularly as a Party or together as the Parties.)

Recitals

- A. The City collectively owns four parcels of land equaling approximately 3 acres, southwest of Main Street, between Grand and Forest Streets, and directly fronting to the west on the City's award-winning Mill Creek Park, in downtown Dexter (Attachment A), which includes 3045 Broad Street, 8077-8087 Forest Street and 8090 Grant Street (08-08-06-280-001, 08-08-06-280-024, 08-08-06-280-025, 08-08-06-280-002)(the "Property").
- B. The City desires that the Property be redeveloped to meet several goals. First, provide a residential environment with diverse housing options for City residents, recognizing that a viable, healthy residential market is of primary importance to the overall health and vitality of the community. Second, preserve and strengthen the existing character of the downtown area as an historic, pedestrian-scaled community, with traditional site and architectural designs which create an aesthetically memorable place containing vibrant streetscapes and community spaces. Third, incorporate common design elements, such as architecture, streetscape, signage, and landscaping, that promote the continuation of the downtown theme for downtown redevelopment projects. Fourth, expand the downtown core in a manner that supports and encourages walkability, and adds mixed-use, high-density residential and retail/commercial uses in and within close proximity to the downtown (the "Project").
- C. The City recently completed a process to select a developer who the City believes has the experience, interest and financial capability to successfully undertake the Project, the exact nature of which would involve creating consensus for the Project between the developer and the City after significant public input.
- D. To pursue the potential development of the Property with the Project, the City and the Developer agree to enter in to this Agreement.

Agreement

In consideration of the mutual promises and covenants contained below, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the City and Developer agree as follows:

1. Exclusive Ability to Pursue the Project: For the six (6) months after the Effective Date (the "Study Period"), the Developer shall have the exclusive right and ability to pursue the Project and the Property, and undertake the Project Evaluation outlined below; and the City agrees that it shall not solicit for contracts, enter into any contracts, or negotiate for any contracts with any person or entity for any development or improvements on the Property during the Study Period.
2. Project Evaluation: The City and Developer shall undertake the following actions during the Study Period:
 - a). The City and the Developer shall jointly organize and participate in three (3) public meetings regarding the potential site plan, uses, and design of the Project. The City and the Developer shall use their best efforts to schedule the first of the three (3) public meetings to take place near the end of March 2016, the second to take place near the end of April 2016, and the third to take place near the end of May 2016. At least one (1) of the public meetings, at the beginning of the Study Period, shall be a "visioning" session for members of the community to provide comments on their visions and issues for the Project. The purpose of the public meetings is to assess the community's and the City's preferences and concerns related to the Project with the goal of creating a development plan or plans that will be i) consistent with the City's vision for the Property and ii) successful in the marketplace for the Developer (the "Development Plan(s)"). The Development Plan(s) shall include a site plan depicting the layout and arrangement of the building(s) on the Property, the uses within the Project, and façade design and architectural details of the building(s).
 - b). The actual costs to undertake the public meetings will be paid by Developer. The City will attempt to assist the Developer in minimizing such costs, for instance by providing meeting space; however, the City is under no obligation to provide any particular assistance. The public meetings shall be subject to the Open Meetings Act.
 - c). The City and Developer shall jointly evaluate the results of the public meetings. If, at any time, the Developer concludes, in its sole discretion, the results indicate that the successful development

of the Property is unlikely for any reason, the Developer may terminate this Agreement with no further obligation or liability on the part of the City or the Developer (except as stated in Sections 6 and 16 below). If, at any time, the City concludes, in its sole discretion, the results indicate that the successful development of the Property is unlikely for any reason, the City may terminate this Agreement with no further obligation or liability on the part of the City or the Developer (except as stated in Sections 6 and 16 below).

- d). The City shall appoint a single point-of-contact for communications between the Parties required under this Agreement.

3. Specific Tasks During Study Period: During the Study Period, the Developer shall:

- a). undertake, at its sole cost, such physical inspection or studies of the Property so as to allow Developer to determine the feasibility of the Development Plan(s). The Developer shall provide copies of any such inspections or studies to the City.

- b). prepare preliminary financial pro forma(s) for the construction of the buildings and site depicted in the Development Plan(s), which pro formas would indicate financing sources, estimated construction costs, other development costs, and a tentative land value for the Property. The Developer shall share these pro formas with the City.

During the Study Period, the City shall:

- c). undertake such studies as it determines are necessary to determine the current capacities of the infrastructure supporting the Project site and what infrastructure would be required to support the Development Plan(s). The City shall provide copies of any such studies to the Developer.

- d). provide to the Developer an anticipated timeline for the removal/relocation of a DTE building structure, and power distribution lines (if they are to be moved) on the Property.

- e). assist Developer in exploring options for tax increment financing for the Project. To this end, the City shall use its best efforts to procure meetings between representatives of the Developer, the City, the Downtown Development Authority and the Washtenaw Brownfield Redevelopment Authority, Michigan Economic Development Corporation, and Michigan Department of Environmental Quality, time being of the essence. The City shall provide a letter of support for the Development

Plan(s) to be included in redevelopment incentive applications, if any, submitted to the County, State and Federal Government.

f). as soon as practicable, provide to Developer all environmental and geotechnical information regarding the Property that is known to the City. If, during the term of this Agreement, environmental or geotechnical information regarding the Property becomes available to the City, the City shall likewise provide that information to Developer.

4. Development Plan and Development Agreement: If at the conclusion of the Study Period, the Developer and the City determine that one or more of the Development Plan(s) meet their respective goals, they shall so notify the other Party prior to the expiration of the Study Period. If both Parties so notify each other, then the Developer will have the exclusive right, for a three (3) month period (the "Negotiation Period"), in which to negotiate a development agreement (the "Development Agreement") with the City for the development of the Property implementing one of the Development Plans. The Development Agreement would include the items typically included in the City's development agreements, as well as the terms for the purchase of the Property. Either Party may determine, in its sole discretion, that the terms of the proposed Development Agreement are unacceptable, in which case this Agreement shall terminate and the Parties shall have no further obligations to each other (except as stated in Sections 6 and 16 below). During the Negotiation Period, the City agrees that it shall not solicit for contracts, enter into any contracts, or negotiate for any contracts with any person or entity for any development or improvements on the Property. If one or the other Party notifies the other that the activities during the Study Period have not resulted in a Development Plan(s) which that Party believes meets its respective goals, this Agreement shall terminate and the Parties shall have no further obligations to each other (except as stated in Sections 6 and 16 below).

5. Mutual Covenants: The City and Developer covenant and agree as follows:

- a). Neither Party shall unreasonably withhold its participation during the Study Period and from preparation of the Development Plan(s).
- b). In the course of implementing the activities above, issues may arise which are outside the scope of this Agreement but which require resolution in order to proceed with successful development of the Property. Whenever such issue(s) is identified by either Party, the City and Developer mutually agree to enter into good faith negotiations for the purpose of resolving said issue(s), which may include amendment to this Agreement.

- c). Both the Developer and the City understand that this Agreement does not require the City to use its power of eminent domain; and the City does not anticipate using such power for the development of the Property.
 - e). The City makes no representation or warranty that even if the Parties reach a consensus on the Development Plan(s), that such Development Plan(s), or any proposed development of the Property, will be approved by the City, and the City explicitly reserves the right to reject the Development Plan(s) (or any proposed development of the Property), for any reason or no reason at all (notwithstanding that such rejection must comply with all otherwise applicable legal standards).
 - f). Neither the Developer, nor any architect or any other professional consultant retained by Developer, shall have any copyright, trademark, or other proprietary interest in the Development Plan(s), or any other site plan, layout, or design materials created as part of the evaluation of the Property and Project; and the City shall have the right to use any and all such materials in the future, notwithstanding the termination of this Agreement. Developer shall include this language in any contracts it enters into with any architect or other professional consultant retained by Developer to work on the Property or Project.
6. Access to Property: During the term of this Agreement, Developer shall have the right for itself, its agents, employees, licenses and contractors (i) to enter upon any portion of the Property which is under the City's control with persons, equipment and material to make any and all inspections, surveys, test borings and other site investigations as it may deem appropriate, and (ii) to discuss the Property and the Project with governmental and other appropriate agencies as it may deem appropriate in order to determine any use to which the Property, or any part thereof, may feasibly be put. The Developer will provide liability insurance acceptable to the City in connection with its conduct of activities described in clause (i) above, shall name the City as an additional insured on such insurance, and will provide evidence of such insurance prior to entry upon the Property. Upon conclusion of any investigations or in the event of termination of this Agreement, the Developer shall return the Property to its original condition. The Developer shall not allow any liens to be recorded against the Property based on any contractors or consultants it retained to work on the Property or the Project, and shall immediately act to have any such liens discharged. Furthermore, Developer shall defend, hold harmless, and indemnify the City from and against any and all claims or damages which result from Developer's investigation of the Property.

The obligations contained in this Section shall survive the termination of the Agreement.

7. Termination: This Agreement shall terminate upon the earliest of the following events:
 - a). The Developer's or the City's decision to terminate as set forth in Section 2 above.
 - b). The mutual agreement of the Developer and the City.
 - c). Upon occurrence of a default as set forth in Section 8.
8. Remedies on Default: The Parties recognize that this Agreement does not transfer an interest in the Property, but in the event of default, except as otherwise stated in this Agreement, each Party shall be limited to the remedies provided below. If either Party is in default of performing the responsibilities set forth above, which default is not cured upon notice (a) within a reasonable time for the circumstances creating the default, but in no event more than forty-five (45) days after notice is given or as otherwise agreed to by the Parties, then the non-defaulting Party shall have the right to terminate this Agreement, and the Parties shall have no further obligations to each other, except for those stated in Sections 6 and 16, which survive the termination of the Agreement
9. Broker: The City represents and warrants to the Developer that it has employed no broker in connection with this Agreement or any purchase and sale to be consummated pursuant to this Agreement and the City shall defend, indemnify and hold the Developer harmless from and against any claim by real estate agent or broker in connection with or arising out of any acts or agreements of the City. The Developer represents and warrants to the City that it has employed no broker in connection with this Agreement or any purchase and sale to be consummated pursuant to this Agreement, and Developer shall defend, indemnify and hold the City harmless from any claim by real estate agent or broker retained by the Developer, or claiming through or under the Developer.
10. Notices: All notices sent pursuant to this Agreement shall be sent by certified mail, return receipt requested. Notices shall be deemed given on the date deposited with the United States Postal Service with proper address and postage fully prepaid. Notice as required under this agreement shall be:

If the City, to:

City of Dexter

Attention: Michelle Aniol
Community Development Manager
8140 Main Street
Dexter, MI 48130

If the Developer, to:

Foremost Development Company
Attention: Elias T. Xenos
550 W. Merrill Street, Suite 100
Birmingham, MI 48009

12. Time: Time shall be of the essence in this Agreement.
13. Binding Effect: This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however that the Developer cannot assign its rights in this Agreement to any other entity without the prior approval of the City.
14. Agreement: This Agreement constitutes the entire agreement of the Parties; all prior agreements between the Parties, whether written or oral, are merged in to this Agreement and shall be of no force or effect. This Agreement cannot be changed, modified or released orally, but only by an agreement in writing signed by the Parties against whom enforcement of said change, modification, or discharged is sought.
15. Counterparts: This Agreement may be executed in counterparts, each of which is an original document and all of which together constitute but one and the same document.
16. Violations of Agreement: In any dispute over this Agreement or its terms, the prevailing Party shall be entitled to reimbursement of the costs it incurred in enforcing the Agreement or its terms, including reasonable attorneys' fees, from the non-prevailing Party. The obligations contained in this Section shall survive the termination of the Agreement.

DEVELOPER:

Bailey Xenos Holdings, LLC
a/k/a Foremost Development Company

By: _____

Its: Authorized Representative

CITY:

This Agreement was approved by the _____ and the Mayor and Clerk were authorized to sign this Agreement on the ____ day of _____, 20__ and was signed by the Mayor and Clerk on the ____ day of _____, 20__.

CITY OF DEXTER

Mayor

Clerk

EXHIBIT A
Property Description